

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7858

BILL NUMBER: SB 568

NOTE PREPARED: Mar 29, 2005

BILL AMENDED: Mar 24, 2005

SUBJECT: Birthing Centers.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR: Rep. J Lutz

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

STATE IMPACT	FY 2005	FY 2006	FY 2007
State Revenues		5,500	5,500
State Expenditures		45,700	31,400
Net Increase (Decrease)		(40,200)	(25,900)

Summary of Legislation: (Amended) This bill requires birthing centers and abortion clinics to be licensed by the State Department of Health. The bill excludes a birthing center from the definition of an ambulatory outpatient surgical center.

Effective Date: Upon passage; July 1, 2005.

Explanation of State Expenditures: (Revised) *Birthing Centers:* There are currently 2 birthing centers that would be required to be licensed by the Indiana State Department of Health. The ISDH has reported that it can adopt the necessary rule changes to expand the licensing procedures within the existing level of resources available. The Department reports that one-time modifications to the regulatory data base will require approximately \$20,000 for programming expenses. The survey work necessary for two additional licenses would require no additional state funding.

Abortion Clinics: There are 9 clinics that have reported terminations of pregnancies to the Indiana State Department of Health (ISDH) during CY 2004 that would also be required to be licensed by the Department

as abortion clinics. The ISDH has reported that it can adopt the necessary rule changes to include the licensing procedures within the existing level of resources available. However, the Department reports that the survey work necessary for this additional number of licenses will require additional state funding in a range of \$25,700 to \$49,800 in FY 2006 and \$31,400 to \$63,600 in FY 2007. Changes to the regulatory data base would be accommodated within the dollars allocated for the birthing center revisions on a one-time basis. The ultimate cost of this bill would be dependent upon administrative actions and the number of procedures performed annually by each of the clinics and birthing centers.

The cost estimate is based upon the need for one additional licensure surveyor; part-time or full-time depending upon the final form of the rules and the number of licensure surveys and complaint surveys that may be required to be performed. Separate survey standards would need to be developed for birthing centers and abortion clinics. Since there is no similar federal certification classification, the state will be responsible for 100% of the survey expense.

Appropriation Background: The Indiana State Department of Health administrative appropriations were made from the dedicated Tobacco Master Settlement Agreement Fund for FY 2004 and FY 2005. Revenues from fees and penalties collected by the Department are deposited in the General Fund, with augmentation allowed in amounts not to exceed the additional revenue from fees or penalties received after July 1, 2003. The funding source of the FY 2006 and FY 2007 ISDH administrative appropriations will be determined by the General Assembly.

Medicaid: Birthing centers must be licensed in order to apply for Medicaid provider status. Should Medicaid clients choose to utilize the services of licensed birthing centers, some savings could be achieved in the Medicaid program since these facilities are a lower-cost option to hospital-based deliveries.

Explanation of State Revenues: (Revised) The bill would include the licensure of birthing centers and abortion clinics under the authority of the Hospital Council. As a point of reference, the recently established ambulatory outpatient surgical center annual licensing and inspection fees are shown to indicate the level of fees that might be applicable to the birthing facilities. The fiscal impact on collections of fee revenue would be the minimum annual fee of \$500 times 11 facilities, or \$5,500.

Total Annual Procedures	Fee
0 – 799	\$500
800 – 3,499	\$1,000
3,500 – 6,999	\$2,000
7,000 and above	\$3,000

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana State Department of Health.

Local Agencies Affected:

Information Sources: Zach Cattell, Legislative Liaison, Indiana State Department of Health, 317-233-2170; Terry Whitson, Assistant Commissioner for Regulatory Services, 317-233-7022; and 414 IAC 1-1-2 for Outpatient Ambulatory Surgery fees.

Fiscal Analyst: Kathy Norris, 317-234-1360.